



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 20, 2006

Mike and Sandra Sprunger
PO Box 38054
Leamington, Ut.

Subject: Reclamation Surety and Reclamation Contract, Mike and Sandra Sprunger, ML 47821&46956/Cubical2, M0230057, Juab County, Utah

Dear Mr. and Mrs. Sprunger:

On 12/13/2006, the Director of the Division of Oil, Gas and Mining signed the reclamation contract for the ML 47821&46956/Cubical 2 small mine permit, file number M0230057. A copy of the executed reclamation contract/surety is enclosed for your records. This action has made it possible for your existing reclamation surety to be in place with the Division, however you should note that there are deficiencies either in your Notice of Intent (NOI) or in your surety/bond amount that need to be rectified.

Right now the amount of surety/bond that is currently posted (\$4164.36) does not correspond with the information in your NOI. The Division has researched our files and have documented that you have permitted under Small Mine Notice M0230057, the following acres in each of your three mine areas.

Cubical 2 - 3 ½ acres

ML 47821 - ½ acre

ML 46956 - 1 acre

Total acreage identified in your Notice of Intent = 5 acres

Based on the information in your current NOI, the surety/bond that you must post should correspond to a 5- acre site and using the Division's average cost estimate, should be \$18,600. The Division realizes that this may not be the actual on the ground disturbance, but this is what you have permitted in your current NOI. If your Notice of Intent is not specific as to the area you plan to disturb, you may wish to amend the notice to more accurately reflect your plans. You have indicated that your actual disturbance maybe less than 1 acre and if this is the case you could amend your NOI to reflect this and then the required bond amount would only be \$5400. Since you already have bond in the amount of \$4164, you would only need to provide an additional \$1236 to meet the amount required for 1 acre.

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Mike and Sandra Sprunger
M0230057
12/20/2006

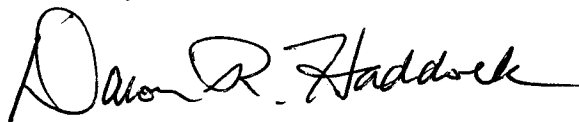
However, an amendment to your NOI is required to do this. At such time as we receive and review an amended NOI we will determine an appropriate reclamation cost estimate, based on the new information and notify you of any changes needed to your surety/bond. If you choose not to amend your NOI we will expect the above stated amount (\$18,600) to be filed with the Division within 60 days.

Without detailed reclamation plans and detailed reclamation bids based on these plans, the Division can not accept your current surety as adequate nor can we accept the reclamation estimate from Mark Johnson that does not provide the exact reclamation details. You must realize that the reclamation cost estimate should not be based on what it might cost you to complete the reclamation, but must be based on what it might cost the Division to complete reclamation, should that become necessary. The Division's costs are ultimately going to be higher because they must include administrative costs for bid design, project management and other contingencies.

You are welcome to schedule a meeting to discuss our requirements regarding reclamation bonds and review your current permits if you so desire.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Tom Munson at 538-5321. Thank you for your help in completing this very important regulatory requirement.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" being more prominent than the last name "Haddock".

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:pb
Enclosure: Copy of RC/surety
cc: Beth Ericksen
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